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ABSTRACT

In this report, the Business-Higher Education Forum sets forth a view of diversity that is important not only to business and higher education but to the United States as a whole. As the country grows more diverse, it requires excellent schools, colleges, and universities that serve all students well. One crucial first step is to improve the quality of elementary and secondary education and to ensure that every high school graduate is qualified to enter and succeed in higher education. The United States must eliminate the vast disparities in school quality that limit the opportunities of students and families in the inner cities and in rural communities. Once admitted to higher education, students must have access to counseling and support systems, adequate financial aid, and a campus environment that appreciates diversity. Building diversity in U.S. workplaces requires close linkages between businesses and higher education institutions. The Forum calls on business and education leaders, policymakers, and the public to implement these steps: (1) support and strengthen existing outreach programs; (2) provide resources to ensure that teachers are adequately prepared; (3) review current strategies and policies designed to support diversity; (4) advocate that colleges and universities take the whole person into account in admissions decisions; (5) encourage corporate foundations to provide support for diversity; (6) emphasize diversity in employment recruitment; (7) increase the amount of the Pell Grant; (8) strengthen learning outcomes; (9) work to increase the amount of need-based financial aid; (10) create state and local coalitions to promote diversity; and (11) provide awareness of practices that encourage diversity and enhance educational quality. (Contains 58 endnotes.) (SLD)

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Developing All of America's Talent on Campus and in the Workplace

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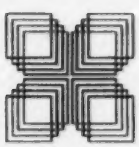

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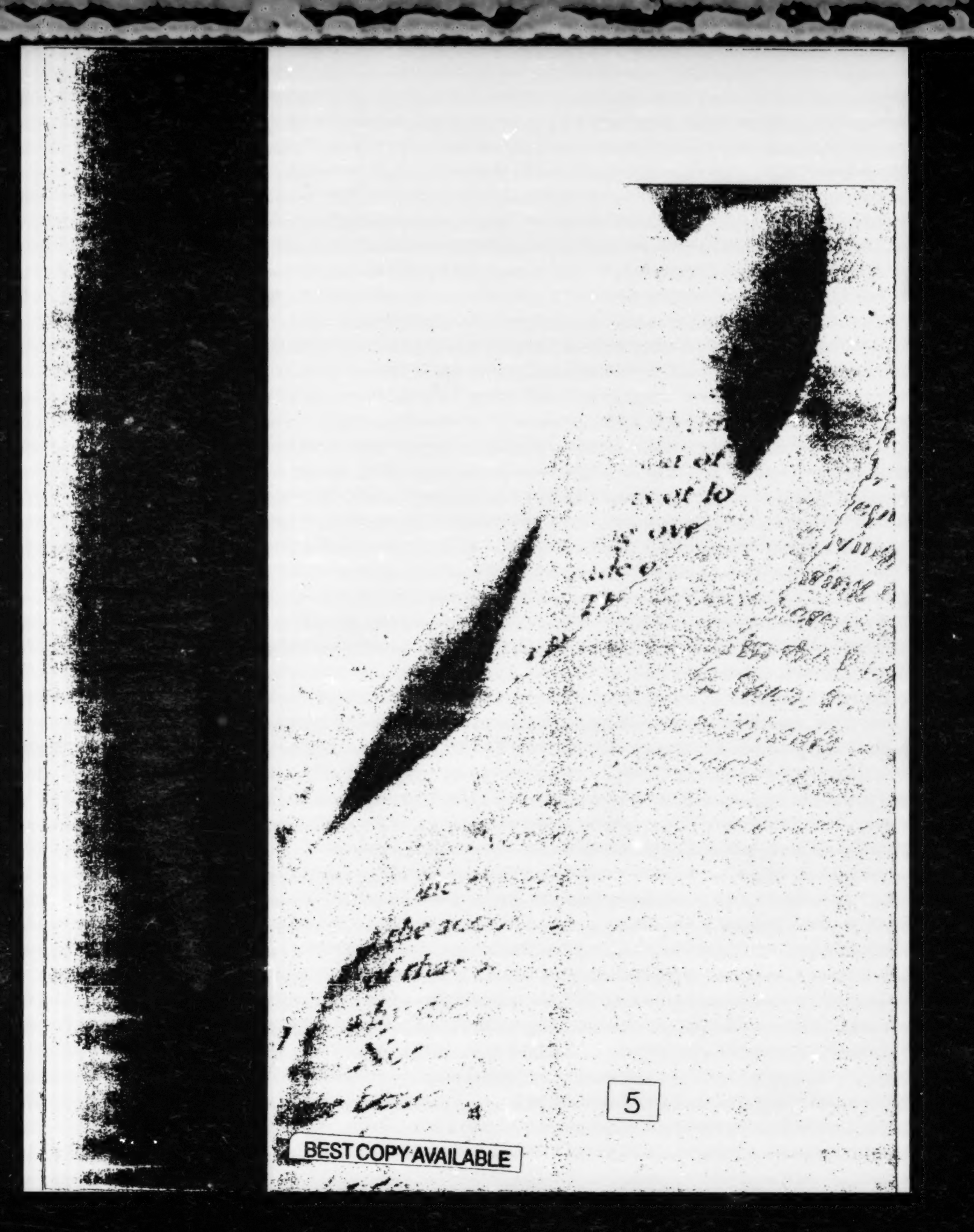

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Preface

In 1999, the Business-Higher Education Forum launched a discussion on the importance of racial and ethnic diversity to the future success of America. As members of the Forum, we believe that this nation's increasingly diverse character has become an overarching reality in shaping the future of America's civic, social, and economic life. We also believe that an invigorated partnership of business and academic leaders will make a needed contribution to shaping that future for the benefit of all in our society.

As corporate leaders, we recognize the growing importance of the global economy and the imperative of preparing all Americans to play a role in that economy. As academic leaders, we believe that living, working, and learning with people of different backgrounds is a crucial part of the educational process. As American citizens, we share the belief that the strength of the civic and social life of a democracy derives from the contributions and talents of all Americans, regardless of background.

By speaking out on these issues, the Business-Higher Education Forum gives voice to the strong linkage that exists between diversity and excellence in both higher learning and the workforce. To prepare this report, we have compiled data from a variety of sources—including the most current information from Census 2000—and sought out the perceptions of a wide range of participants in the worlds of business and academia. We are impressed by the evidence depicting the depth and breadth of the changing nature of our nation, and by the evidence demonstrating that the rewards from diversity on our campuses and in our workplaces are clear and compelling.

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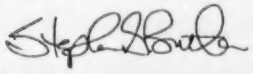

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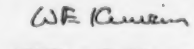

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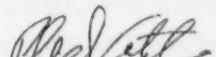

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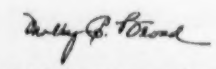

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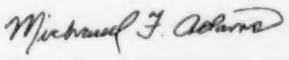

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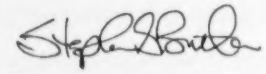

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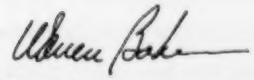

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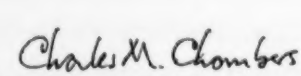

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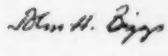

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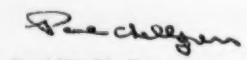

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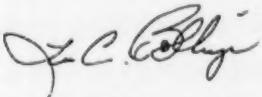

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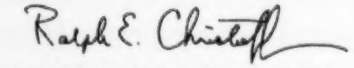

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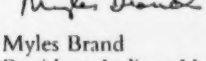

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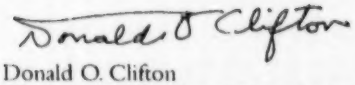

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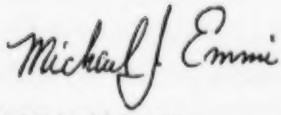

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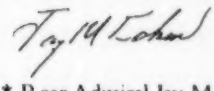

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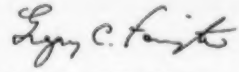

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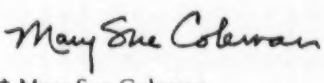

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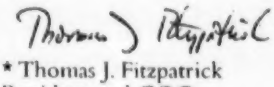

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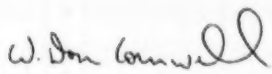

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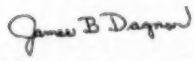

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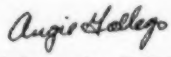

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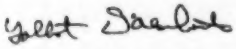

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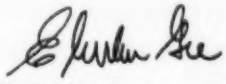

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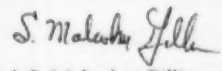

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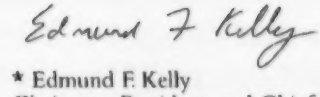

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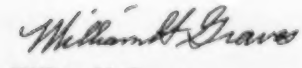

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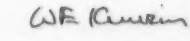

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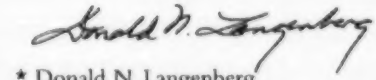

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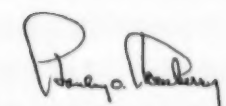

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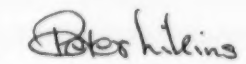

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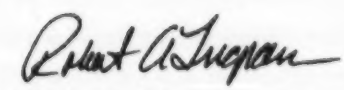

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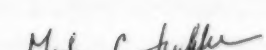

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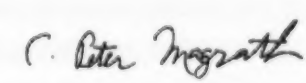

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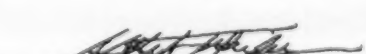

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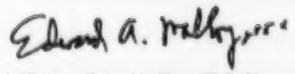

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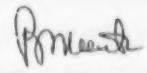

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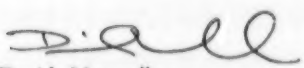

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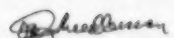

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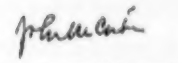

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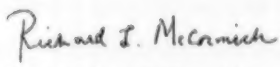

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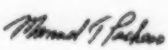

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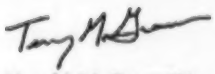

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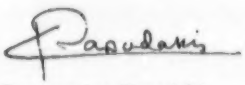

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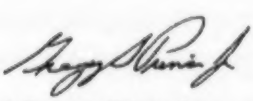

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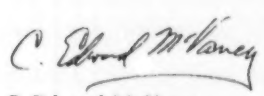

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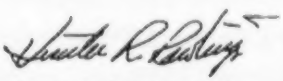

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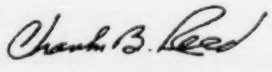
BHEF Members (Diversity Task Force Members)*



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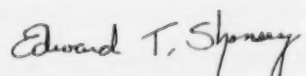

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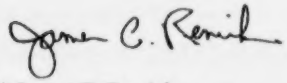

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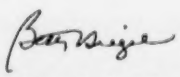

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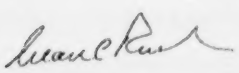

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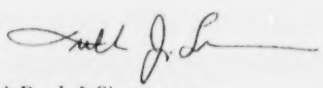

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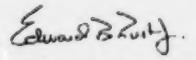

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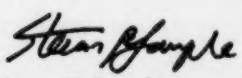

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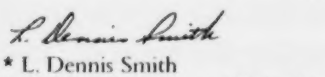

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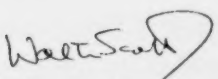

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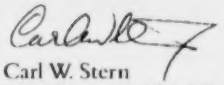

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Executive Summary

As members of the Business-Higher Education Forum, we have opened this dialogue on diversity because we believe that the quality of our future civic, social, and economic life depends on the quality of education available to all students at all levels of our educational system, now and in the future.

Census 2000 has confirmed a dramatic growth in the number and proportion of Americans from a wide variety of racial and ethnic backgrounds. This explosion of diversity coincides with technological advances and economic trends that have made it imperative that Americans become personally engaged with the diverse perspectives, interests, cultures, and capacities that exist both within and outside our national borders.

THE DEMOGRAPHICS OF DIVERSITY

Who We Are Now and Who We Will Be

- The U.S. population grew more in the last 10 years than in any previously recorded decade—from 249 million in 1990 to 281.4 million in 2000.[1] During that same period, the minority population grew by 35 percent, while the non-Hispanic white population grew by 3.4 percent.
- Hispanics and Asian Americans fueled the rapid increase of the minority population, each growing by 58 and 50 percent, respectively, while African Americans increased by 16 percent.
- Even before Census 2000, the Bureau predicted that the non-Hispanic white share of the U.S. population would fall from the 1995 figure of 74 percent to 64 percent in 2020 and to 53 percent in 2050. Between now and 2050, the Bureau projected, Hispanics would represent the largest share of population growth; and the African-American population would nearly double.

Student Diversity

- Although approximately 90 percent of whites and African Americans finished high school in 1998, fewer than two-thirds of Hispanics did so.
- Disparities sharpen at higher levels of education, with 28 percent of whites completing a bachelor's degree in 2000, compared with less than 17 percent of African Americans and 11 percent of Hispanics.
- Experts have predicted that the traditional college-age population will grow by 16 percent between 2000 and 2015, and that of these potential new students, 80 percent will be non-white and nearly half will be Hispanic.[2]
- According to the Educational Testing Service (ETS), however, "Among minority groups, only Asian youth will be attending college in numbers roughly proportionate to their share of the U.S. college-age population. African-American and Hispanic students will continue to lag behind."[3]

It [is] imperative that Americans become personally engaged with the diverse perspectives, interests, cultures, and capacities that exist both within and outside our national borders.

Jobs to Fill

- By 2028, there will be 19 million more jobs than workers who are adequately prepared to fill them.
- Roughly 40 percent of the people available to take these jobs will be members of minority groups.[4]
- A large portion of new jobs—especially jobs that offer competitive salaries and benefits—will demand skills and knowledge far beyond those of a high school graduate.

Sustained efforts must be made to remedy discrepancies in the elementary and secondary educational opportunities provided to American children, and to continue to expand access and opportunity in higher education.

WHY DIVERSITY MATTERS

Inclusiveness and tolerance are in keeping with America's values of fairness and justice, and have helped build the foundation for the most dynamic economy and society in the world. Forum members believe that the more we do to make schools, universities, and workplaces diverse, inclusive, and welcoming, the more our society benefits. This principle is supported by evidence that racial and ethnic diversity in higher education contributes to the learning experience of all students on campus, and to the civic, social, and economic life of our society as a whole.

Benefits to a democratic society: Currently, many Americans live, grow up, and are educated in neighborhoods and schools where they have little or no meaningful interaction with people of other races. For these individuals, attending college may be the first (and only) opportunity to be exposed to people from other racial and ethnic backgrounds before they enter the workplace and participate in civic life as adults.

Evidence shows that encountering a range of racial, ethnic, and cultural perspectives on campus enhances students' preparation for full participation in a diverse, democratic society. Students who have such experiences are more likely to contribute to community and volunteer efforts and become active in politics; they demonstrate more cultural awareness and participate more often in activities that promote racial understanding; and they are more likely to understand that awareness of racial and ethnic differences is crucial to ensuring that differences do not become divisive in our society.

Benefits to learning: Racial and ethnic diversity on campus enhances the learning environment for everyone. Higher education has embraced racial and ethnic diversity as an essential component of quality and success in academe. And the research backs that up. Evidence shows that students who are exposed to people with a range of backgrounds and ideas are better critical thinkers, and also show greater social and interpersonal development than students with less exposure to diversity. Both students and faculty who have been surveyed confirm this, and a survey conducted by the Forum also found that the American public believes strongly in the importance of diversity to both the campus experience and the workplace.

Benefits to business and the economy: The benefits that accrue to college students who are exposed to racial and ethnic diversity during their education carry over into the work environment. The improved ability to think critically, to understand issues from different points of view, and to collaborate harmoniously with co-workers from a range of cultural backgrounds all enhance a graduate's ability to contribute to his or her company's growth and productivity.

Education in a diverse environment also enhances creativity, tolerance, innovation, and problem-solving skills. A diverse workforce with these skills provides business organizations with a competitive advantage in responding to domestic and international markets.

Education of all Americans profoundly benefits the national economy. The Educational Testing Service estimates that "if Hispanics and African Americans had the same education and commensurate earnings as whites," there would be "an upsurge in national wealth" of $113 billion annually for African Americans and $118 billion for Hispanics.

Finally, a 1999 analysis by *Fortune Magazine* found that, overall, the businesses that made its "50 Best Companies for Minorities" list "have performed terrifically, about matching the S&P 500 over the past year and beating it over the past three and five years."

RESPONDING TO THE CURRENT CHALLENGES OF DIVERSITY

To succeed in preparing students for the future, the nation must:

- Provide high-quality pre-school, elementary, and secondary education, as well as high-performing teachers, for every student. This requires eliminating inequities in the availability of resources and quality of teaching that serve as barriers to educational quality, especially in inner-city and rural schools.
- Increase financial aid to students who need it. Racially and ethnically diverse students from low-income families will account for most of the increase in the college-age population in coming decades. Federal, state, and private funding of student aid has not kept up with the demand or with inflation. To meet the needs of low-income students for financial aid, the federal government must increase funding for Pell Grants; and state governments and private sources—including colleges and universities themselves—must also increase the amount of need-based aid they provide.
- Ensure that children from families that do not have experience with college receive information and support services in time to prepare for, apply to, and enroll in college.
- Create campus environments that value diversity and provide support that helps all students complete their studies. Pair these efforts with ample financial aid and strong tutoring and mentoring programs.
- Develop and implement more thoughtful, innovative, and results-oriented approaches to enrolling greater numbers of minority students in higher education, despite the uncertainty resulting from recent court rulings and referenda. One way to do this is for business and academic leaders to build on existing practices that have proven successful. These include paid internships for students in the workplace or in training programs, and scholarships. These business initiatives need to be supported and expanded.

Education of all Americans profoundly benefits the national economy. The Educational Testing Service estimates that "if Hispanics and African Americans had the same education and commensurate earnings as whites," there would be "an upsurge in national wealth" of $113 billion annually for African Americans and $118 billion for Hispanics.

CONCLUSIONS AND NEXT STEPS

More than ever, it is urgent that our nation provide equal opportunity and eliminate the barriers to the development of human potential of all Americans.

As members of the Forum, we are convinced—both by the growing research evidence and by the reality of our own experience—that racial and ethnic diversity is absolutely essential to excellence in education. We are convinced as well that the full development of the nation's talent is indispensable to economic competitiveness, to success in the workplace, and to the very health and vitality of our democracy.

Members of the Forum call on our colleagues in business and academia, on policy makers, and on the American public to join us in implementing these next steps:

- **Support and strengthen existing outreach programs** that focus on the value of attending college, ways to prepare students and assist them in applying for and attending college, and the importance of lifelong learning. Create programs where they do not exist.
- **Provide the resources to ensure that teachers are prepared** to work effectively with racially and ethnically diverse students.
- **Review current strategies and policies designed to foster diversity** and ensure that they are meeting their goals, and publicize the results of these reviews in the higher education and business communities.
- **Advocate that colleges and universities take the whole person** into account when making admissions decisions; that is, consider all relevant qualities—not just grades and test scores—in assessing each applicant.
- **Encourage corporate foundations to provide support** for diversity initiatives, and to share the programs and their results with professional peers.
- **As part of the business employee recruitment process,** emphasize to campuses the importance of being able to recruit personnel from a diverse student body.
- **Urge national policy makers to increase the amount of the Pell Grant** to its congressionally authorized annual maximum of $5,800 per student. (The 2000-01 maximum Pell Grant per student is $3,750.)
- **Strengthen learning outcomes,** through continuous assessment and application of promising practices, in the nation's elementary and secondary schools.

- **Encourage university governing boards and state policy makers to give priority** to increasing the amount of need-based aid, even in the face of competing legislative agendas and state university budget cuts.
- **Create state and/or local coalitions** between education and business leaders to promote discussion and joint action to achieve diversity and tolerance on campus and in business.
- **Provide awareness,** in all appropriate forums, of the broad range of successful practices that open opportunity to, and strengthen the quality of, education.

Diversity is an invaluable asset that America cannot afford to ignore. In the 21st century, this nation is becoming ever more diverse and the transformation is occurring faster than ever before. Demographic trends compel business and higher education to make a conscious investment in the development of the talent and productivity of all citizens.

As Americans, we are all stakeholders in the future of our country. The challenge of developing and living harmoniously with diversity is complex and requires sustained commitment and understanding. How the nation responds to the challenge of our increasing diversity will shape both our national life and America's role in the global economy for decades to come. It is imperative that we rise to the challenge.

Diversity is an invaluable asset that America cannot afford to ignore. In the 21st century, this nation is becoming ever more diverse and the transformation is occurring faster than ever before.

If everybody comes from the same part of the country, looks the same, acts the same, it's not going to be as strong a Cabinet as if you have diversity of background, however you define that, of geography, ethnicity, gender."

— Clay Johnson, personnel director for the Bush Administration[5]

Introduction

Diversity is one of our nation's greatest strengths. The interaction of people of different races and varied ethnic and cultural backgrounds invigorates America's civic, social, and economic life.

Even before the latest census, which confirmed that our nation is more diverse than ever before, experts had predicted that rapid growth in the number and proportion of minorities in the U.S. population would continue far into the 21st century. This explosion of diversity coincides with technological advances and economic trends that have torn down the barriers of place and time, creating an imperative for Americans to become personally engaged with the diverse perspectives, interests, cultures, and capacities that exist both within and outside our national borders.

In this new global context, the future of our nation depends on the ability to develop the talent of all who reside within our borders. To meet the needs of our domestic markets and to compete in foreign markets, American business requires a workforce that is educated and prepared to perform demanding technical and professional tasks in a multicultural environment.

The most important strategy for benefiting from diversity is to invest in education and to maximize the potential of all Americans. Children who do not succeed in elementary and secondary school cannot go on to higher education. A college degree is one of the most important keys to success in the workplace, economic self-sufficiency, and full participation in our society. Currently, our education system is less successful in educating children from some racial and ethnic minority groups than it is in educating white children. White children are more likely to complete high school, enter and complete college, and earn advanced degrees than their counterparts from racial and ethnic minorities.

This disparity in educational completion rates stems in great part from disparities in the distribution of education resources. In the words of President George W. Bush, at this time in our history we must make a commitment to "leave no child behind." This is a challenge to which our nation must rise. Our educational system must be committed to meeting the needs of every child—whether that need is for access to skilled teachers, individual tutoring, up-to-date computers, or a well-functioning, safe, and secure school building. Economic and social mobility is part of the American dream, and it also is essential for economic growth. And equal educational opportunity is a necessary condition for mobility. Much of the American dream is built on the assumption that our society offers a higher degree of upward social mobility than that typically found in many other countries. Yet many minority students face obstacles to achieving mobility because they come from families without a background of higher education, and without the financial ability to pay for college. Because true equality of opportunity is essential for mobility, we must strengthen those mechanisms that equal opportunity.

As business and academic leaders, we have opened this dialogue on diversity because we believe that the quality of our future civic, social, and economic life depends on the quality of education available to all students at all levels of our educational system, now and in the future.

We further believe that in our colleges and universities, academic excellence requires a rich and diverse learning environment, and that campuses must be free to create and nurture that environment. Providing financial aid for eligible students must be part of the package. And the "face" of each campus—the faculty, staff, and administrators—should reflect the diversity of the student body.

Affirmative action programs have made important contributions to improving educational access and achievement among members of minority groups. In addition, race- and national origin-conscious policies and programs have for decades enhanced the educational experience and learning of all of our nation's youth. We call on our colleagues throughout the nation to sustain those strategies that have proven effective in building diversity. At the same time, new initiatives should be developed to ensure that America's higher education system continues to be second to none in the quality of the education it provides students from all walks of life.

CONTEXT OF OUR WORK

The social and legal context in which the issue of diversity has evolved has been dynamic and unpredictable. One of the most important developments has been the addition of voices from corporate America in support of diversity initiatives in higher education. In October 2000, 20 of the nation's largest companies—including several members of the Forum—signed an *amicus* brief in a University of Michigan case supporting the use of race as one of the criteria for admissions. In the brief, the companies wrote, "Racial and ethnic diversity in institutions of higher education is vital to amici's efforts to hire and maintain a diverse workforce, and to employ individuals of all backgrounds who have been educated in a diverse environment. Such a talented workforce is important to amici's continued success in the global marketplace."

Later in the brief, the companies explained this statement: "The individuals who run and staff the amici corporations must be able to understand, learn from, collaborate with, and design products and services for clientele and associates from diverse racial, ethnic, and cultural backgrounds."[6]

Still, legal challenges remain. And one of the factors that continues to emerge in the courts and elsewhere, and which hampers efforts to strengthen racial and ethnic diversity, is the language that is associated with the debate. Too often, language reduces complex concepts to code words such as "quotas" or "merit," which have the effect of inflaming rather than informing the discussion; the result often is confusion about the meaning and value of diversity.

It is in this often confusing and fast-changing context that the business and academic leaders who constitute the Forum moved to issue this report with three key purposes:

- To review and summarize research evidence and other arguments that support the value of racial, ethnic, and cultural diversity in business and higher education.
- To call attention to the many programs and strategies—including internships, mentoring programs, and sophisticated academic admissions systems—that foster diversity and can serve as models for companies and universities seeking effective, legal tools for achieving racial and ethnic diversity.
- To offer recommendations for developing all of America's talent that business and academe can implement, separately or jointly.

The Forum believes that it is crucial for America to build on current momentum to open opportunity, improve quality, and create the diverse, talented workforce that our nation needs for the 21st century.

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Is this person Spanish/Hispanic/Latino?

- No, not Spanish/Hispanic/Latino
- Yes, Mexican/Mexican American/Chicano
- Yes, other Spanish/Hispanic/Latino—print other group
- Yes, Puerto Rican
- Yes, Cuban

— Question 5, U.S. Census 2000

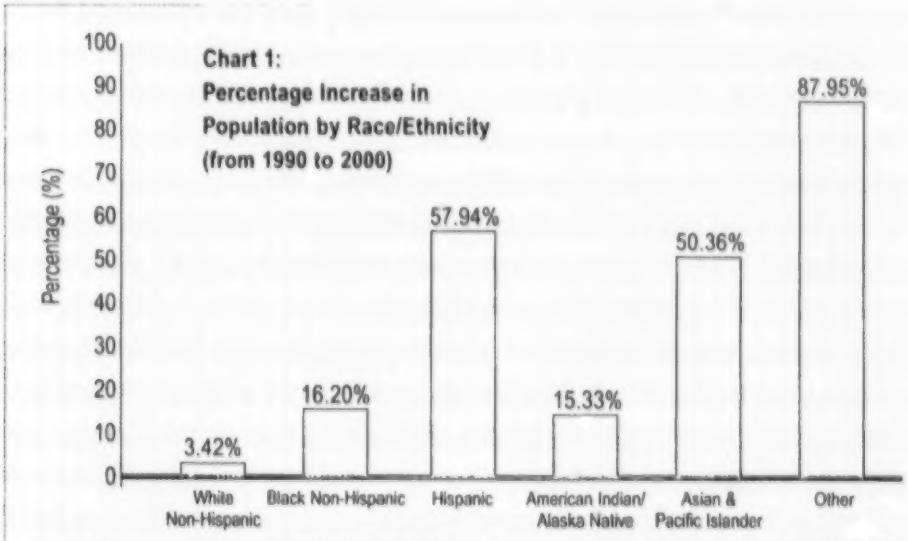
The Demographics of Diversity: Today and Tomorrow

WHO WE ARE NOW

The changing demographics of America are shaping our future. Census 2000 offers a current snapshot of who we are and who we will become. The biggest news from the census is the expanded depth and breadth of the racial and ethnic diversity in our population.

Our national population grew more in the last 10 years than in any other decade since the census started—from 249 million in 1990 to 281.4 million in 2000.[7] During that same period, the minority population grew by 35 percent, while the non-Hispanic white population grew by just 3.4 percent.[8] Hispanics and Asian Americans fueled the rapid increase of the minority population, each growing by 58 and 50 percent, respectively, while African Americans increased by 16 percent (see Chart 1).

In the meantime, the question of racial and ethnic identity has become so complex that the Census Bureau revised and expanded the questions on this issue, offering respondents new options to allow them to elect a more precise description of their heritage. The question cited on the facing page shows the options that were available to an American of Spanish/Hispanic/Latino background. Question 6 on the survey form also allowed respondents to identify themselves as belonging to one or more of 14 racial categories, or to write in a category not on the list. Because of these changes, the 2000 data on race and national origin are not consistent with data from previous years and prompt more analysis. But one thing is clear: Millions more Americans consider themselves members of one or more minority groups than did so in the 1990 census.



Source: U.S. Census Bureau, Census 2000 PHC-T-1, Population by Race and Hispanic or Latino Origin for the United States, 1990 and 2000.

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This expanding racial and ethnic diversity is unevenly distributed throughout the country and within metropolitan areas. While some states have only a small minority population, by 2000, three states and Washington, D.C., had become "majority minority" states, in which less than half the population described itself as "white, non-Hispanic." These states are Hawaii, with 23 percent white, non-Hispanic; New Mexico, with 45 percent white, non-Hispanic; and California, with 47 percent. Texas follows closely behind with 52 percent white, non-Hispanic. Hispanics account for sizable portions of the populations in California (32 percent), New Mexico (42 percent) and Texas (32 percent).[9]

According to a recent analysis of Census 2000 by the Brookings Institution Center on Urban and Metropolitan Policy, nearly half of the largest cities in the United States no longer have majority white populations.[10] This is due primarily to the rapidly growing numbers of Hispanics, strong increases in the Asian-American population, and modest increases in the African-American population.

WHO WE WILL BE

Making detailed, long-term projections of population by factors such as minority group and age is a very complex process. But even before Census 2000 showed the country to be more diverse than expected, the Census Bureau made the following projections:

- "The non-Hispanic White share of the U.S. population would steadily fall from 74 percent in 1995 to . . . 64 percent in 2020, and to 53 percent in 2050."
- "By the middle of the next century, the Black population would nearly double its 1995 size to 61 million."
- "Every year from now to 2050, the race/ethnic group adding the largest number of people to the population would be the Hispanic-origin population. In fact, after 2020 the Hispanic population is projected to add more people to the United States every year than would all other race/ethnic groups combined."

STUDENT DIVERSITY

Not surprisingly, given the numbers above, increasing numbers of students currently enrolled in elementary and secondary schools are from minority groups. The Census Bureau's Current Population Survey shows that in 1999, 63 percent of these students were non-Hispanic whites, compared with 79 percent in 1972. Between 1972 and 1999, the proportion of minority groups in the student population increased as follows: Hispanics, from 6 percent to 16 percent; African Americans, from 14 percent to 16 percent; and Asian Americans and Pacific Islanders, from 1 percent to 5 percent.[11]

However, there is considerable disparity in the rate at which members of these minority groups are completing high school, entering college, and earning degrees. Between 1971 and 1998, the race gap in high school completion narrowed substantially for whites and blacks, with approximately 90 percent of both groups finishing high school in 1998. In contrast, fewer than two-thirds

PRE-FRESHMAN AND COOPERATIVE EDUCATION (PREFACE) PROGRAM

An initiative of the Ohio State University College of Engineering Minority Engineering Program, PREFACE helps minority students make the transition from high school to college and accelerate their progress through the freshman engineering curriculum. The summer program consists of a six-week academic component in which students attend classes in core engineering subjects. Upon completing these classes, students are placed in a six-week engineering-related internship.

Contact: (614) 292-6491
www.eng.ohio-state.edu/quick_links/students/meeps.html

of Hispanics did so. Disparities sharpen at higher levels of education, with 28 percent of whites completing a bachelor's degree in 2000, compared with less than 17 percent of African Americans and 11 percent of Hispanics.

Despite making progress in recent years, minorities still lag behind in earning undergraduate degrees in a number of fields. In 1997, for example, 8.8 percent of bachelor's degree recipients in business and management were African Americans, substantially higher than their 6.1 percent share a decade earlier in 1987, but well below their share of the total U.S. population. Similar increases were reported for Hispanics and Asian Americans, although each of these groups accounted for fewer business degrees than their African-American counterparts.[12]

The number of African Americans, Hispanics, and Asians receiving bachelor's degrees in the health professions and biological and life sciences has more than doubled since the 1980s.

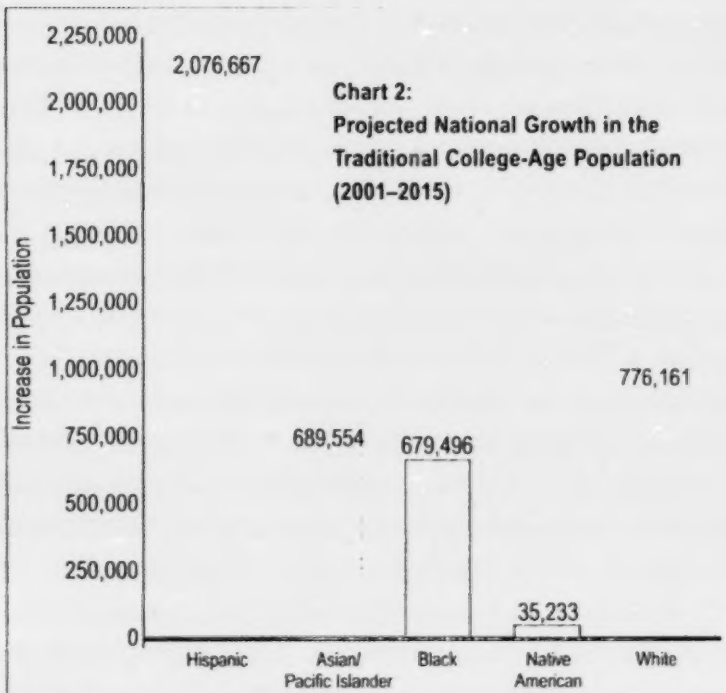

Chart 2:
Projected National Growth in the Traditional College-Age Population (2001–2015)

Source: Advisory Committee on Student Financial Assistance, *Access Denied*, 2000; Anthony P. Carnevale and Richard Fry, *Crossing the Great Divide*, 2000.

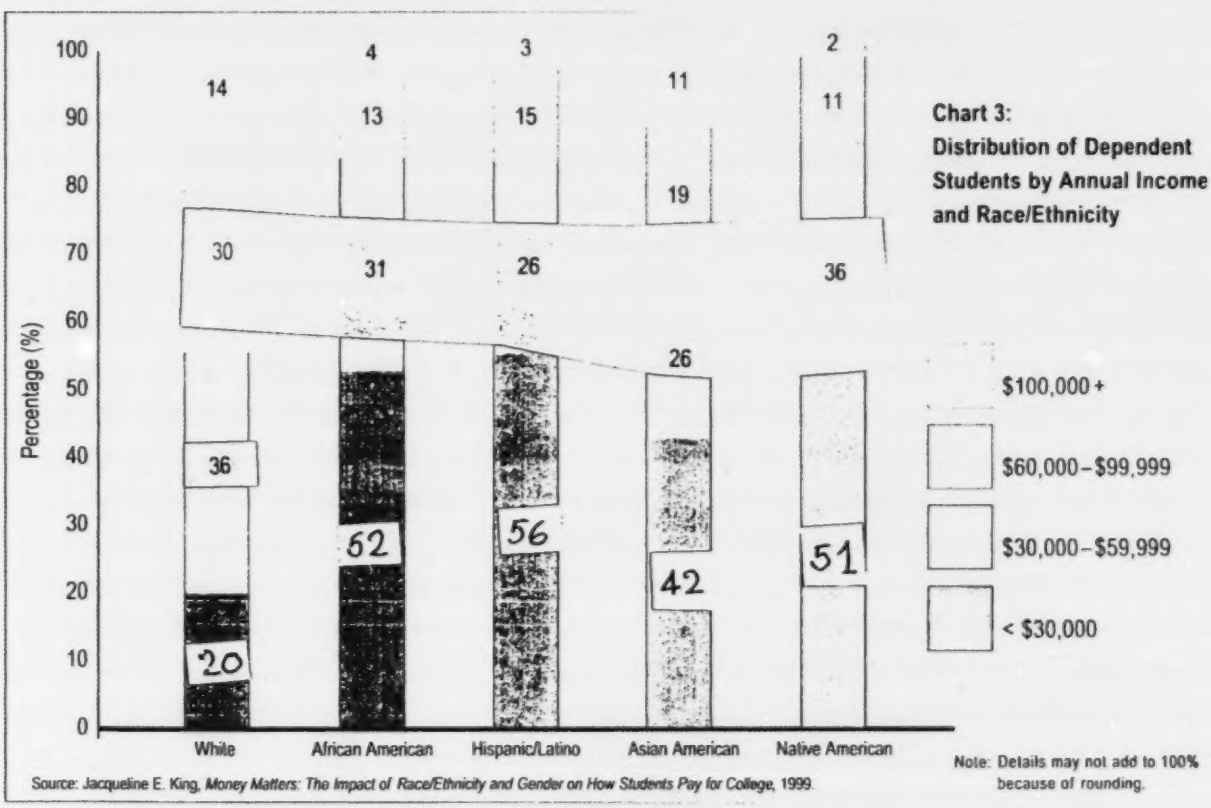

Chart 3:
Distribution of Dependent Students by Annual Income and Race/Ethnicity

Source: Jacqueline E. King, *Money Matters: The Impact of Race/Ethnicity and Gender on How Students Pay for College*, 1999.

Note: Details may not add to 100% because of rounding.

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However, except for Asians, most minorities remain underrepresented in these fields. This also is true in fields like engineering. The number of engineering degrees received by African Americans and Hispanics increased by more than one-third between 1987 and 1997, but each group accounted for only 6 percent and 4 percent of all such degrees, respectively.[13]

In a paper written for the Advisory Committee on Student Financial Assistance, Anthony Carnevale and Richard Fry projected that the traditional college-age population will grow by 16 percent between 2000 and 2015, and that of these potential new students, 80 percent will be non-white and nearly half will be Hispanic (see Chart 2, page 25).[14] However, according to the Educational Testing Service (ETS), "While minority enrollment in higher education is growing, the playing field will not be level in the near future. Among minority groups, only Asian youth will be attending college in numbers roughly proportionate to their share of the U.S. college-age population. African-American and Hispanic students will continue to lag behind."[15]

Minority students are more likely to come from low-income families than their white counterparts. This often impairs the ability of qualified students to pay for higher education. In its 1999 report, *Money Matters,* the American Council on Education found that more than 50 percent of African-American, Hispanic, and American Indian dependent students—undergraduates who are single, age 24 or younger, who are not veterans—come from families with annual incomes of less than $30,000, as do 42 percent of Asian-American students (see Chart 3, page 25).

Of the minorities who are not Asian Americans, less than 25 percent have family incomes of $60,000 or more, and of the Asian students, about 25 percent have incomes at that level. "The income profile of dependent white students stands in stark contrast to those of the other groups," according to the ACE report. "Only 20 percent of white students have an annual family income of less than $30,000, and 44 percent have incomes of $60,000 or more."[16] A family's income is an important factor in determining how much money is available to support the children's education.[17]

JOBS TO FILL

As the population grows, and as minorities constitute an increasing share of the population, the National Alliance of Business estimates that the gap between the number of jobs to be filled and the number of people who are qualified to fill those jobs will significantly widen.

One current illustration of this gap is the increase in the number of overseas personnel being recruited to work in American companies in recent years. The American Competitiveness in the 21st Century Act, enacted in 2000, substantially increased the number of H-1B visas for nonimmigrant workers, from 107,500 previously authorized to 195,000 for fiscal years 2001 through 2003. The list of petitioners seeking to hire the most H-1B workers between October 1999 and February 2000 was headed by many of the nation's largest companies, including Motorola (seeking 618 workers), Oracle (455), and Cisco (398).

PARTNERSHIP FOR MINORITY ADVANCEMENT IN THE BIO-MOLECULAR SCIENCES (PMABS)

A partnership of North Carolina's historically minority universities, secondary schools in their communities, and the University of North Carolina–Chapel Hill, this program's goal is to attract and advance motivated, science-savvy underrepresented students into science careers. Program components include an instructional technology laboratory, a postdoctoral training program, and a traveling science laboratory.

Contact: (919) 966-2631
www.unc.edu/depts/pmabs

The same legislation that expanded the visa limit acknowledged the importance of doing more to meet future workforce demands by improving our own education system. It did so by authorizing the National Science Foundation to award grants for private-public partnerships in K–12 education, focused on mathematics, science, and engineering, and especially targeted to students in disadvantaged communities. This initiative, along with others described throughout this report, is a step in the right direction.[18]

But the challenge of filling the workforce gap in the coming decades is a huge one that requires a long-term, systematic commitment. Based on an analysis of Census Bureau and Labor Department statistics, it is projected that by 2028, there will be 19 million more jobs than workers who are adequately prepared to fill them, and that 40 percent of the people available to fill these jobs will be members of minority groups.[19]

A large portion of the jobs that the U.S. economy will generate in the future—especially jobs that offer competitive salaries and benefits—will demand skills and knowledge far beyond those of a high school graduate. The U.S. Department of Labor predicts that through 2008, the top five fastest growing occupations will be computer engineers, computer support specialists, systems analysts, database administrators, and desktop publishing specialists—all jobs that require some type of education beyond high school.[20]

In the very near future, the U.S. population will become even more racially and ethnically diverse; available jobs will require more advanced skills and education; and a large number of the people who will be available to work will be minorities, who currently lag far behind whites in their training and educational credentials. Without immediate action to correct inequities in elementary and secondary education resources nationwide, and to fully meet the need for student financial aid, tomorrow's workforce will be neither ready to meet the challenges of a knowledge-intensive workplace, nor able to take advantage of the vast opportunities that our economy will offer.

The current and projected gap in educational and professional opportunity for all Americans shortchanges the hopes and dreams of the young, stifles the nation's economic growth, and weakens the democratic fabric of America.

UNITED NEGRO COLLEGE FUND (UNCF) CORPORATE SCHOLARS PROGRAM

This project, administered by UNCF and major corporations, identifies high-achieving minority students for company scholarships, internships, and mentorships. The Program's main objectives are to help corporate America recruit, retain, and develop outstanding and diverse talent; utilize that talent to continue improving organizational capability and overall competitiveness; and ensure that corporate America wins in the global marketplace.

Contact: (703) 205-3400
www.uncf.org

"What does diversity contribute?
It represents the real world in which
we live, the community in which we live,
and the customer base we are dealing with."

—Dimon McPherson,
retired Chairman and CEO,
Nationwide Insurance[21]

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Why Diversity Matters

Racial and ethnic diversity has been a distinguishing characteristic of the United States since it became a nation.

More than 200 years after the Constitution was signed, more than 100 years after the Civil War, and some 30 years after the peak of the civil rights movement, not only the results of Census 2000, but the debates over how to define racial and ethnic categories suggest that race still matters very much in America.

Yet even as the minority population increases, and official categories and definitions of racial and ethnic identity multiply, there are many campuses and many places in the business world where members of minority groups are few and far between. Why should we care about this? Why should we want to be an inclusive society? The most basic, compelling answer is that America needs and promises equality of opportunity. An inclusive society is in keeping with our nation's values of fairness and justice, but it also is essential for our nation's economic competitiveness.

In their book, *Pursuing Diversity: Recruiting College Minority Students,* authors Astone and Nunez-Wormack wrote that racial diversity on campus is seen as a powerful way to teach students the realities of the multiracial world in which they eventually will be living and working.[22] Tierney later confirmed this notion in *Building Communities of Difference: Higher Education in the Twenty-first Century.*[23]

Forum members believe that the more we do to make America's schools, universities, and workplaces diverse, inclusive, and welcoming, the more our society as a whole benefits. This principle is supported by evidence that racial and ethnic diversity in higher education contributes to the learning experience of all students on campus, and to the civic, social, and economic life of the society as a whole.

BENEFITS TO A DEMOCRATIC SOCIETY

America is a society that places a high premium on personal and civic responsibility and participation by all citizens. As the nation's population becomes more diverse, it becomes increasingly important to ensure that all who reside in America, regardless of background, have the capacity and the opportunity to learn to live and work together.

Yet currently, many Americans live, grow up, and are educated in neighborhoods and schools where they have little or no meaningful interaction with people of other races. Especially for students who grow up in racially, ethnically homogeneous neighborhoods and schools, going to college may be the first time they are exposed, in a meaningful way, to people from other racial and ethnic backgrounds. For many, it may be the only opportunity for this kind of exposure before they enter the workplace and participate in civic life as adults. In *Making Choices for Multicultural Education: Five Approaches to Race, Class, and Gender,* Sleeter and Grant point out that students can learn most from those who have very different life experiences from theirs.[24]

The evidence shows that encountering a range of racial, ethnic, and cultural perspectives on campus enhances students' preparation for full participation in a democratic society, including the likelihood that they will live in communities that are not segregated after they leave college. Some of these specific benefits are discussed in a report prepared by University of Michigan psychology professor Patricia Y. Gurin. For the report, Gurin reviewed data from several research studies and identified the following three "democracy outcomes" that are demonstrated by both white and minority students who have a diverse academic experience.

Students who have had experience with diversity on campus demonstrate greater "citizenship engagement," meaning that they are more likely

to participate in community and volunteer service, as well as in the political arena. As our society has become increasingly diverse, the need for leaders who represent the needs, interests, and perspectives of diverse communities has dramatically increased. Among the contributions that Gurin found to correlate with a diverse campus experience were influencing the political structure and influencing social values, as well as working in the community on issues such as helping others in difficulty, cleaning up the environment, and participating in community action programs.

Students who have had experience with diversity on campus demonstrate greater "racial/cultural engagement." This term refers to students' levels of cultural awareness, participation in activities that promote racial understanding, appreciation of other cultures, and acceptance of people from other cultures.

Students who have had experience with diversity on campus demonstrate greater "compatibility with differences." Understanding that different racial and ethnic groups share common values is a crucial preliminary step to being willing to manage differences so that they do not become divisive in our nation. The campus is one of the few places in our society where young people of different backgrounds can come to know one another and explore their commonalities as well as their differences. As Gurin concludes in her report, students "who participated in interactions with diverse peers were comfortable and prepared to live and work in a diverse society—an important goal of our educational mission."[25]

As two other researchers have found, it is exposure to difference, in rich intellectual dialogues, and learning to live with difference that allows multicultural nations to succeed and prosper.[26]

To foster a society and a civic life that respects difference, that welcomes and benefits from the talents, perspectives, and life experiences of all of our citizens, requires conscious commitment to the task. One of the most effective ways to carry out that commitment is to ensure that the doors of higher education are open to all who are qualified to pass through them. Another is to ensure that once students are on campus, they have access to a diverse faculty and out-of-classroom resources and interactions that will equip them to be successful and productive in their careers and to contribute to America's civic and social life.

BENEFITS TO LEARNING

Racial and ethnic diversity on campus enhances the learning environment for everyone.

The University of Notre Dame's "Statement on Diversity" says it well: "Notre Dame's goal of increasing diversity is wholly consistent with its commitment to academic excellence. In fact, attaining a diverse faculty and staff is essential to the educational mission . . ."[27]

In recent years, higher education has embraced racial and ethnic diversity as an essential component of quality and success in academe. As Bowen and Bok wrote in *The Shape of the River*, "What admissions officers must decide is which set of applicants, considered individually and collectively, will take fullest advantage of what the college has to offer, contribute most to the educational process in college, and be most successful in using what they have learned for the benefit of the larger society."[28]

Institutions that consider the whole person—including the facets of an applicant's background that can materially contribute to a robust exchange of ideas and improved learning by all students—do so because they believe that a diverse student body and faculty are crucial to fulfilling the mission of higher education.

THE PH.D. PROJECT

In 1994, there were only 294 doctorally qualified minority business professors in the United States. Today, there are 525 minority business school faculty with doctorates and 407 minority Ph.D. students, nearly half of whom were identified by the Ph.D. Project, a joint project of numerous universities, corporations, and higher education leaders. By increasing the number of minority business professors, the Project seeks to encourage more minority students to enter business and, ultimately, create a more diverse workforce. Major program components include recruiting minorities in business to return to higher education as faculty members; and uniting five minority doctoral student associations to impact completion rates. The Project was founded by the KPMG Foundation.

Contact: (888) 2-GET-A-PHD (243-8274)
www.phdproject.org

In a February 2001 speech to the American Council on Education, Richard C. Atkinson, president of the University of California, reflected the opinion of many in higher education when he said that instead of "narrowly defined quantitative formulas," based largely on test scores, campuses should "adopt procedures that look at applicants in a comprehensive, holistic way."[29]

The validity of basing admissions decisions on criteria that value the whole person—not just the part of the person that performs well on standardized tests—is bolstered by numerous studies showing that learning benefits accrue to both white and minority students who come in contact with people of diverse backgrounds and with diverse ideas and information.

Students who are exposed to people with a range of backgrounds and ideas are better critical thinkers than those who have less contact with diversity. In her report, Gurin found that students who "experienced the most racial and ethnic diversity in classroom settings and in informal interactions with peers showed the greatest engagement in active thinking processes, growth in intellectual engagement and motivation, and growth in intellectual and academic skills."[30] A series of studies by E.T. Pascarella and others analyzed the impact of students' experiences with campus diversity at various points in their college career.[31] They found that students who had interacted with students from other racial and ethnic backgrounds, or who had attended workshops on racial and cultural awareness, were better critical thinkers and more open to challenge in their discussions than those who did not have these experiences.

Students who are exposed to people with a range of backgrounds and ideas are more likely to show greater social and interpersonal development than students with less exposure to diversity. Most students come to college at a time when the personality and identity that will define them for years to come are still being formed. Because students are at this critical developmental stage, Gurin's study demonstrates, exposure to diverse groups, experiences, and ideas can have a long-term, even lifelong, effect on their openness to multiple viewpoints and to active participation in a diverse society.

Students and faculty perceive the benefits of campus diversity for learning. In *Making the Most of College,* his recent book based on interviews with students about their campus experiences, Richard J. Light writes: "Every undergraduate I interviewed believes he or she has something unique and valuable to contribute. . . . This conviction of having something to offer, along with an enthusiasm about interacting with students whose backgrounds differ from their own, is widespread among undergraduates from all ethnic and racial groups."[32]

Such findings are not limited to undergraduates. For example, a survey of law students at Harvard and the University of Michigan found that 90 percent of the students felt that their exposure to racial and ethnic diversity at school—especially being able to engage in discussions with students of different perspectives—had enhanced their learning. Similarly, a national survey of 55,000 college and university faculty members by the Higher Education Research Institute at UCLA reported that 90 percent of the respondents agreed with the statement that "a racially/ethnically diverse student body enhances the educational experiences of all students."[33]

The American public also strongly believes in the importance of diversity to the campus experience as well as to the workplace. Still, there are differences of opinion as to how to achieve it. The passage of referenda outlawing affirmative action in California and Washington is one manifestation of these differing opinions. Language as much as substance, however, may affect voters' or poll respondents' answers to questions.

In both Washington and California, voters approved identical ballot language, stating: "The state shall not discriminate against, or grant preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity or national origin in the operation of public employment, public education or public contracting."

When the Forum commissioned a survey that posed the issue more narrowly, in terms of education and the workplace, we found strong evidence of widespread support for allowing business and academia to develop and use appropriate tools to encourage the development of all

Americans' talent and potential for the benefit of all in our society. According to the Forum's May 2000 nationwide survey, Americans believe by wide margins that it is important for colleges to enroll students of different races, cultures, and backgrounds. Eighty-one percent of respondents said they believe it is important to have employees of different races, cultures, and backgrounds in the workplace or businesses. An even larger majority—88 percent—said they support having students "of different races, cultures, and backgrounds" in elementary, secondary, and higher education (see Chart 4).[34]

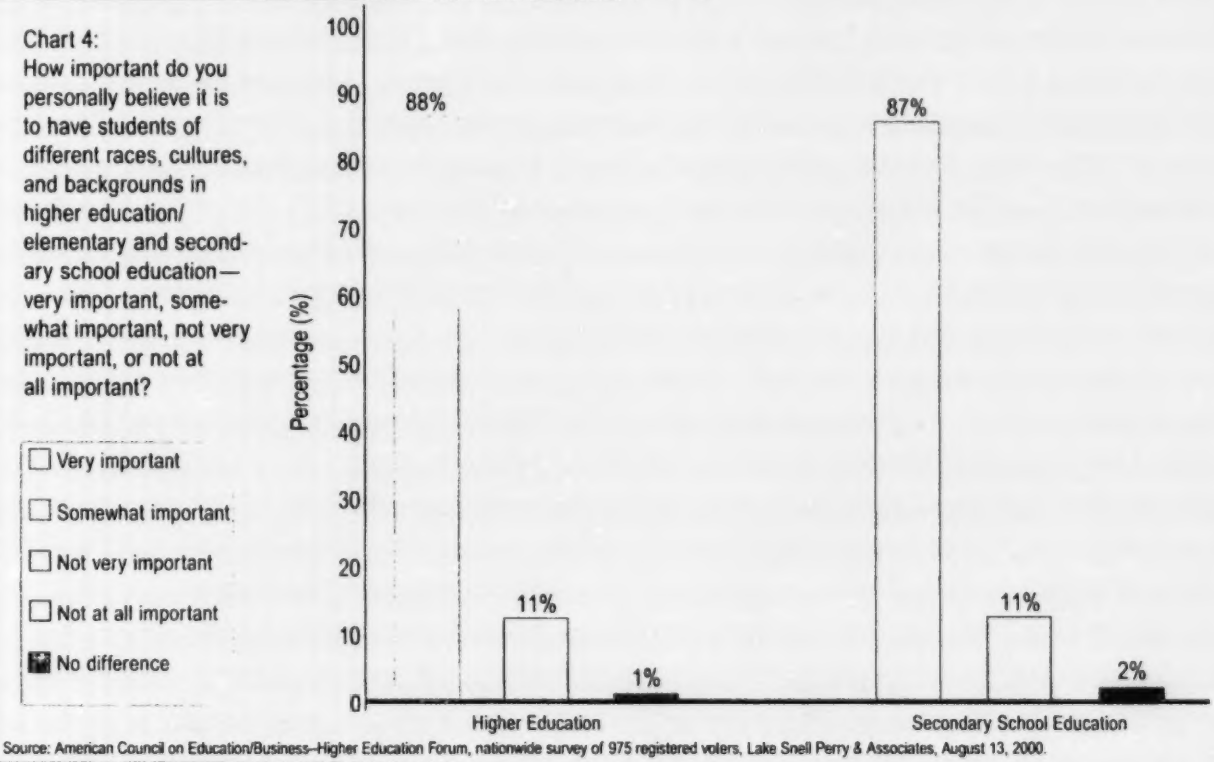
Buttressed by a growing body of research, national higher education organizations have affirmed their support of campus diversity as an essential component of a good education. More than three-quarters of the respondents to the Forum's poll agreed with the statement that universities "should be allowed to take action to ensure diversity in their student bodies." And at least six in 10 respondents across every geographic, demographic, and political subgroup believe it is important to have diversity in both higher education and business (see Chart 5).

The overarching conclusion from the research evidence and from the Forum's survey is compelling: In higher education, in this country, and at this time, racial and ethnic diversity is a widely held value that America must continue to pursue vigorously with the tools currently available, as well as with new and innovative approaches.

BENEFITS TO BUSINESS AND THE ECONOMY

To a large extent, business and the nation's economy as a whole depend on graduates of higher education for success. The benefits that accrue to college graduates who are exposed to racial and ethnic diversity during their education carry over directly into the work environment. The improved ability to think critically, to understand issues from different points of view, and to collaborate harmoniously with co-workers from a wide range of cultural backgrounds all enhance a college graduate's ability

Chart 4:
How important do you personally believe it is to have students of different races, cultures, and backgrounds in higher education/ elementary and secondary school education—very important, somewhat important, not very important, or not at all important?



Source: American Council on Education/Business–Higher Education Forum, nationwide survey of 975 registered voters, Lake Snell Perry & Associates, August 13, 2000.

to contribute to his or her company's growth and productivity.

These skills are essential to the nation's success in both the domestic and global economies. With our increasingly diverse population, success in the domestic economy depends more than ever on the ability of businesses to adapt their services and products, as well as their marketing strategies, to appeal to customers from a wide range of cultural backgrounds. At the same time, as international economic barriers continue to fall, the imperative to ensure that all American students are prepared to participate in the global economy has accelerated. According to the Hudson Institute, "By the mid-1990s . . . foreign trade played a role in the American economy that was between two and three times as important as it had been in 1965."[35]

When the Rand Corporation interviewed representatives of 16 corporations about the qualities they seek in the people they recruit, several of the qualities they mentioned were the same as the benefits that have been shown to result from being educated in a racially and ethnically diverse environment: problem-solving skills, the ability to work well with diverse colleagues, and openness to new ideas.[36]

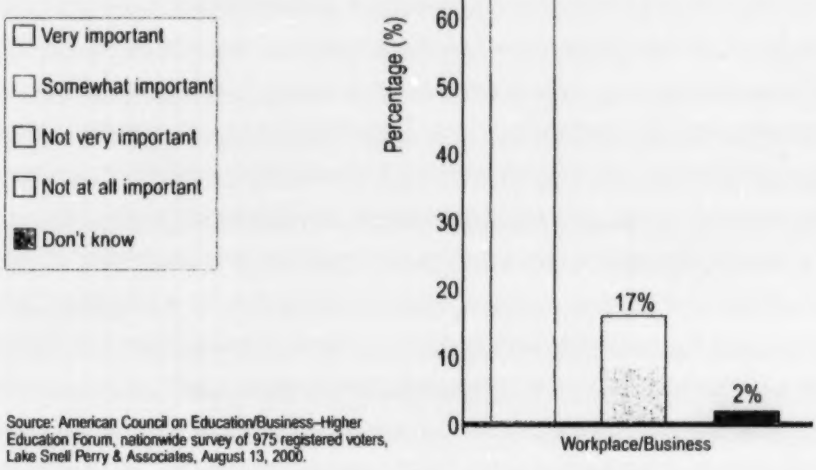
The corporate resources, human and financial, that have been invested in recruiting and preparing more members of minorities for the work-

CONSORTIUM FOR GRADUATE STUDY IN MANAGEMENT

The Consortium for Graduate Study in Management is an alliance of 14 schools of business in partnership with corporate America, working to facilitate the entry of minorities into managerial positions in business. The Consortium recruits college-trained African-American, Hispanic American, and Native American U.S. citizens and invites them to compete for merit-based fellowships for graduate study leading to a master's degree in business. Since its inception in 1996, the Consortium has increased the number of annual fellowships awarded to minorities from 21 to more than 350 and produced more than 4,000 MBA graduates. More than 95 percent of Consortium alumni begin work with a Consortium sponsor.

Contact: (888) 658-6814
www.cgsm.org

Chart 5:
How important do you personally believe it is to have employees of different races, cultures, and backgrounds in the workplace or businesses—very important, somewhat important, not very important, or not at all important?



Source: American Council on Education/Business–Higher Education Forum, nationwide survey of 975 registered voters, Lake Snell Perry & Associates, August 13, 2000.

force, and the proliferation of workplace diversity programs, attest that many American business leaders believe that in their world, racial and ethnic diversity brings value to their enterprises—and that they look to higher education to prepare the workers who have the academic, social, and interpersonal skills they need to succeed in this world.

The corporations that signed the Michigan brief also affirmed that racial and ethnic diversity on campus plays an important role in the "pursuit of excellence" and, therefore, in creating "the most talented workforce."

What exactly does racial and ethnic diversity contribute to American business? The following are some of the answers that have emerged from interviews with corporate leaders, research studies that have examined these issues, and corporate mission statements and public relations materials.

Education of members of racial and ethnic minorities benefits the economy as a whole. Educational attainment is directly related to job opportunities and salary levels. ETS estimates that raising the educational attainment of members of underrepresented minorities could strike a huge blow against poverty and for higher income for millions of Americans. According to ETS, "If Hispanics and African Americans had the same education and commensurate earnings as whites, the earnings of Hispanic men would increase by 71 percent, Hispanic women by 34 percent, African-American men by 53 percent, and African-American women by 15 percent," spurring "an upsurge of national wealth" that would amount to $113 billion annually for African Americans and $118 billion for Hispanics, and enormously contributing to the vitality of the national economy.[37]

Education in a diverse environment enhances the creativity, innovation, and problem-solving skills that graduates bring to their jobs. Employees who can view problems from a variety of perspectives, participate in and stimulate creative thinking, and effectively collaborate with a diverse group of colleagues, are invaluable to businesses. Employees who are exposed to people with a range of backgrounds and ideas are more likely to understand issues from different points of view. This ability is an important factor in the capacity of organizations to perform their work successfully. In his book, *Cultural Diversity in Organizations,* Taylor Cox reviewed a series of studies comparing the effectiveness of homogeneous groups with those of more diverse groups in seeking solutions to a variety of problems. The evidence from the studies suggested that the participation of people with different perspectives and backgrounds improved the quality of both the problem-solving process and the solutions generated. Cox concluded that "culturally diverse workforces have the potential to solve problems better because of several factors: a greater variety of perspectives brought to bear on the issue, a higher level of analysis of alternatives, and a lower probability of group-think."[38]

Employees of different racial and ethnic backgrounds can offer important perspectives to the development of products and services designed for an increasingly diverse marketplace. Population projections show that the domestic market in the United States is becoming increasingly multicultural. The Selig Center for Economic Growth at the University of Georgia reports that by 2001, the total buying power of African Americans, American Indians, and Asians will reach $861 billion, a 96 percent increase over the estimated $440 billion in 1990. Over the same period of time, the buying power of Hispanics will have grown from its 1990 level of $207.5 billion to a projected 2001 level of $452.4 billion.

COOPERATIVE DEVELOPMENT ENERGY PROGRAM (CDEP)

Based at Fort Valley State University in Fort Valley, Georgia, the CDEP works with business and government to increase opportunities for minorities and women in energy-related industries. The program has two components: a Mathematics, Science, and Engineering Academy for 8th through 12th grade female and minority students; and dual-degree programs that enable students to gain educational credentials that will increase their job qualifications. Since the Program's inception in 1983, 40 energy companies and governmental agencies have participated and CDEP has placed students in more than 450 internships/co-op assignments, resulting in more than 190,000 hours of hands-on experience. Since 1997, the program has produced 43 minority scientists and engineers.

Contact: Isaac J. Crumbly at (478) 825-6243

American businesses now participate in global markets to an unprecedented degree. One of the corporate representatives interviewed for the Rand Corporation report summed up the significance of "globalism" as "a complete revolution in the thought process. . . . The economic world doesn't revolve around the United States—the United States is one among many strong players in the global business environment." In this environment, employees who have studied and lived with people from a range of racial, ethnic, and cultural backgrounds are better prepared to collaborate with colleagues around the globe, as well as to perceive and respond to worldwide business opportunities. According to Rob Norton, senior vice president of human resources for Pfizer Inc, "When we bring different ideas, different constructs, and different cultural backgrounds to the table, the outcome is powerful."[39]

Financial markets reward corporate diversity. There is some evidence suggesting that companies that invest in diversity are rewarded by their investors. A study summarized in the *Academy of Management Journal* in 1995 reported on the performance of stock prices in the days following two cases in which companies made the headlines on issues related to diversity. When the news about diversity was positive—in each of the seven years following the announcement of U.S. Department of Labor awards for exemplary affirmative action programs—the stock price of the companies receiving the awards went up. The same study found that when the news about diversity was negative—announcements of companies' agreements to settle discrimination cases—the stock price of the companies involved declined. Authors of the study conjectured that the award-winning companies' stock prices may have risen because of "investors' realization that the (award-winning) corporations might have lower costs . . . because they have lower absenteeism, turnover, and job dissatisfaction levels" and that the diversity of their workforce put them in a better competitive position. The authors also speculated that the firms that agreed to settlements may have lost market value because investors perceived that discriminatory practices have "negative economic implications."[40]

DIVERSITY PIPELINE ALLIANCE

This new coalition of 11 organizations seeks to increase the number of African Americans, Hispanic Americans, and Native Americans studying business and pursuing management careers in the nonprofit, private, and public sectors. The Alliance integrates and leverages the individual efforts of these organizations, whose programs span from elementary and secondary level through higher education.

Contact: (703) 749-0131
www.diversitypipeline.org

LEADERSHIP EDUCATION AND DEVELOPMENT (LEAD)

This partnership of approximately 30 Fortune 500 companies and 12 graduate schools of business each year selects 400 of the nation's most promising African-American, Hispanic American, and Native American high school students and encourages them to pursue careers in business. The students start the process by attending a three- to four-week Summer Business Institute at one of the participating graduate business schools, gaining intensive understanding of and hands-on exposure to the business world. LEAD also maintains an extensive alumni network for networking and job searches.

Contact: (212) 986-5634
www.leadnational.org

A 1999 analysis by *Fortune Magazine* found that, overall, the businesses that made its "50 Best Companies for Minorities" list "have performed terrifically, about matching the S&P 500 over the past year and beating it over the past three and five years." In compiling the list of companies, *Fortune* considers the following: minority representation on the board, in the executive suite, and in the workforce, and the percentage of new hires who are minorities. The magazine also takes into account corporate practices, such as standards for promotion, recruiting strategies, leadership training programs for minority staff, and responsiveness to minority markets.[41]

As our nation becomes increasingly more diverse, the record becomes clearer: The positive effects of diversity are broad and touch our lives in many ways. All that stands between us and even greater benefits for our society in the future is the willingness to acknowledge our differences and the commitment to respond to the challenges and opportunities they present.

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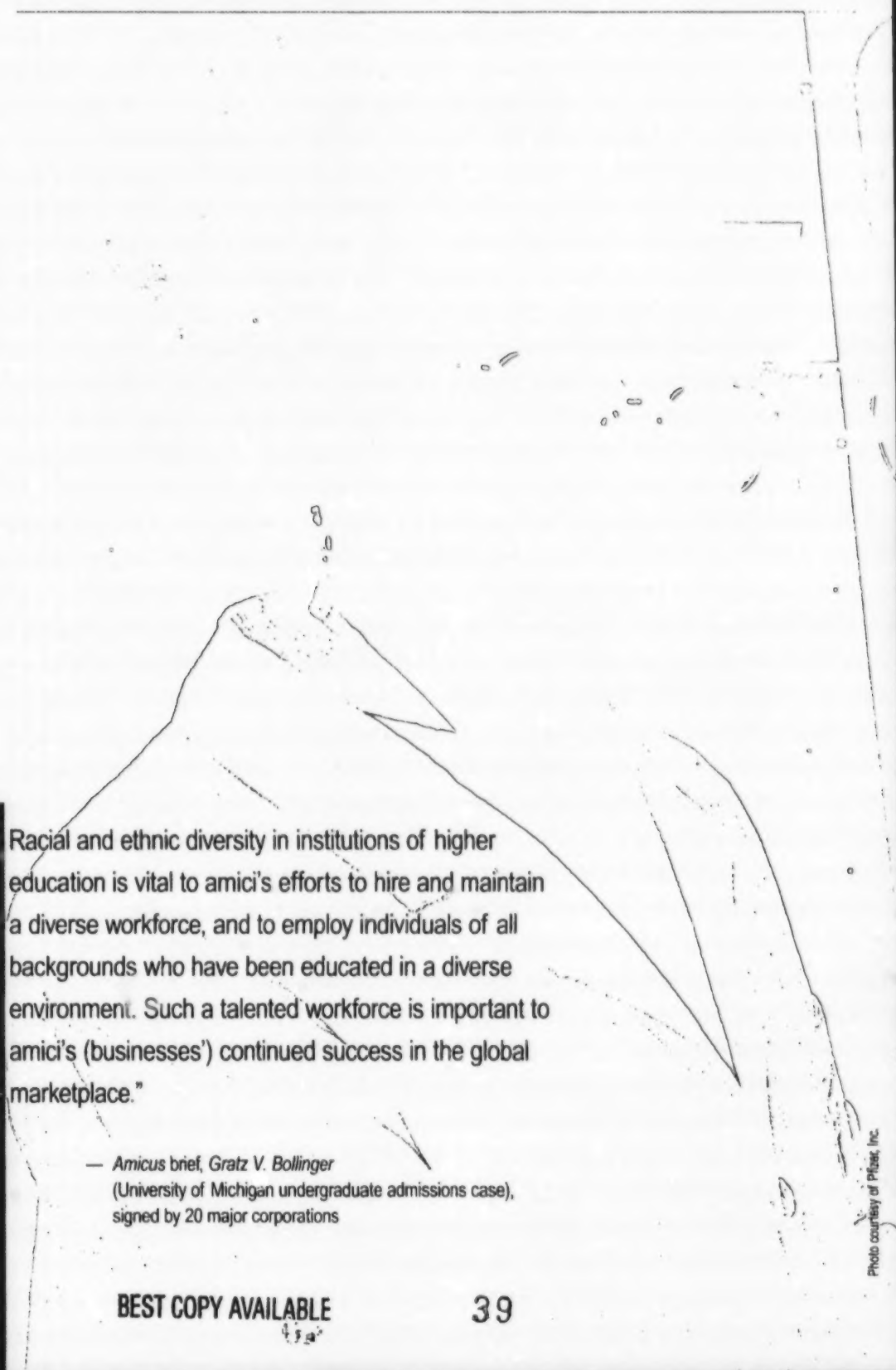

"Racial and ethnic diversity in institutions of higher education is vital to amici's efforts to hire and maintain a diverse workforce, and to employ individuals of all backgrounds who have been educated in a diverse environment. Such a talented workforce is important to amici's (businesses') continued success in the global marketplace."

— *Amicus* brief, *Gratz V. Bollinger*
(University of Michigan undergraduate admissions case),
signed by 20 major corporations

Photo courtesy of Pfizer, Inc.

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Responding to the Current Challenge of Diversity

Racial and ethnic diversity permeates America, and our society will become more diverse in the coming decades. The challenge America faces now is how to create an environment that builds on diversity as an asset and invests in it to enrich our nation's civic, social, and economic life.

One of the most important tools the nation can use to reap the benefits of diversity is education. Schools, colleges, and universities enable citizens of all races and ethnic backgrounds to learn and develop themselves as human beings who will contribute to the workplace and help build healthy communities and a thriving democracy. At this time in history, when technology enables us to make easy electronic leaps across earlier political, economic, and cultural boundaries, the opportunity to build on diversity as a positive reality is greater than ever. "The new, borderless economy is changing faster than our ability to manage it. For companies to thrive, they must learn to excel in a multicultural world," writes Robert Rosen in his book *Global Literacies.*[42]

Americans actually need to learn to excel in not one, but two multicultural worlds: at home in their schools, neighborhoods, and workplaces; and in the global community, which has become an integral part of our everyday life. Knowledge and technical skills remain crucial requirements for a successful career in the global environment. But in this new era, employees also must be able to work productively, side by side with people from a wide range of cultural backgrounds. And they must bring to their jobs the creativity, breadth of perspective, and personal flexibility they can acquire only from living and learning in a racially, ethnically, and culturally diverse environment.

America's educational system is the pipeline from which the diverse pool of capable citizens and workers for the 21st century will flow. To succeed in preparing students for the future, the nation must respond to several different challenges:

CHALLENGE #1: Provide high-quality elementary and secondary education, and high-performing teachers, for every student.

America's children must have access to inspiring and fully qualified teachers, adequate classroom resources, and a challenging curriculum that is flexible enough to meet their needs and the nation's demands. Children who require special attention—such as tutoring or preparation for advanced placement exams, mentoring inside or out of the classroom, and other help—should have access to it. These early educational investments are essential not only to prepare the children of today to succeed in higher education, but also for their long-term success in the global economy.

CEISMC (CENTER FOR EDUCATION IN SCIENCE, MATHEMATICS AND COMPUTING) MENTORING PROGRAM (CMP), GEORGIA INSTITUTE OF TECHNOLOGY

CEISMC was created in the early 1990s as a unifying support system for core undergraduate courses in science, math, and computing at Georgia Tech. With the backing and support of Georgia Tech, the National Science Foundation, corporate partners, and other groups, CEISMC initiates and co-sponsors a coordinated set of programs for pre-college students. Among these is the CEISMC Mentoring Program (CMP), which recruits Georgia Tech students with strong science, mathematics, technology, or engineering backgrounds to conduct education outreach and enhance K–12 educational experiences. Georgia Tech students help children develop skills in problem solving and critical thinking, assist the teacher in making education exciting and relevant, and serve as role models for the children.

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www.ceismc.gatech.edu/ceismc/programs/cmp/homepg.htm

Because of inequities in the public education system, especially in the inner cities, minority students have a greater possibility than white students of being shortchanged in their academic preparation.

The Education Trust, a nonprofit organization that works for reform in elementary and secondary education, has compiled data on inequity of opportunity for minority students in the public education system. The Trust reports that African-American, Latino, and Native American elementary and secondary school students are more likely than their white counterparts to live in school districts with relatively low per capita education expenditures, more likely to be identified as needing special education, and more likely to be suspended. Students from these same ethnic groups are less likely than white students to have access to math courses that would move them beyond simply learning basic skills, less likely to be identified as "gifted and talented," and less likely to take advanced placement tests for college.

THE LATINO ACHIEVEMENT MENTORING PROGRAM (LAMP)

LAMP is a three-year collaborative pilot project launched in spring 2000 by the Latino Research Initiative (LRI) of the University of Nebraska–Lincoln (UNL) and the Hispanic Community Center (HCC) in Lincoln. The project recruits and prepares Latino youth for higher education by establishing mentor/mentee pairs between UNL undergraduate students and Latino/a public school students in 5th through 12th grade. In the first year of the program (2000-01), 20 mentor/mentee pairs were recruited; the second year involved 30 pairs; and the objective for the third year is to recruit 40 pairs.

www.unl.edu/lri

There is compelling evidence that teacher quality is the most significant factor in student success in elementary and secondary school. According to the American Council on Edu-cation's 1999 report, *To Touch the Future,* "The single most important element in a child's success at learning —probably the element more important than all the others put together—is the quality of the teacher."[43] The report, aimed at the nation's college and university presidents, recommended that academic leaders take the following action steps to improve teacher preparation on their campuses:

- Move the education of teachers up on the higher education agenda.
- Connect it to institutional mission.
- Take a hard look at quality.
- Get a rigorous external appraisal.
- Link the faculties in liberal arts and education.
- Ensure adequate technology preparation.
- Support increased investment in research on teaching and learning.
- Recruit capable students into the teacher education program.
- Maintain effective follow-through and mentoring programs for graduates.
- Speak out publicly on policy issues related to teachers and the schools.

The corporate world has also lent its voice to efforts to improve teacher preparation. In *Investing in Teaching,* a joint report of The Business Roundtable, the National Alliance of Business, the National Association of Manufacturers, and the U.S. Chamber of Commerce, the organizations called on states and communities to:

- Create a new model of teacher preparation and professional development.
- Raise standards for the profession: how teachers are paid, what career options are available, and how teaching effectiveness is evaluated.
- Create a new school environment that provides teachers with the freedom and flexibility to achieve results.[44]

All the available evidence points to the importance of these initiatives and others. Students in the elementary and secondary grades, regardless of their economic or racial background, learn more from high-performing teachers than do their counterparts who are taught by less qualified, less productive teachers. Students from economically disadvantaged backgrounds can reach high achievement levels with sustained, high-quality teaching.[45]

Despite this strong evidence that teacher quality is a key component in student success, the nation lags in providing students from disadvantaged urban and rural areas with access to highly qualified teachers. For example, 70 percent of students in high-poverty schools across the country learn physical science from unqualified teachers.[46] African-American, Hispanic, and Native American students are much less likely than their white or Asian counterparts to have a math teacher who majored in the subject.[47]

For students to succeed in elementary and secondary grades, they must be provided with equitable resources, including fully qualified teachers and other professional staff. We must encourage the development of high-performing teachers by finding ways to increase teacher salaries and prestige and offering other incentives to attract highly qualified people to teaching careers. Preparing, attracting, and retaining teachers presents a staggering challenge in the early years of the 21st century.

CHALLENGE #2: Increase financial aid to students who need it.

A high-quality elementary and secondary education is vital for every student's future success in college and in the workplace. Low-income students, however, must have adequate financial assistance in order to attend college.

Racially and ethnically diverse students from low-income families will account for most of the increase in the college-age population in coming decades. These students are more likely than whites to be first-generation college goers; that is, to come from families in which no one else has attended college. As a result, they and their parents often are unaware of the range of college prices or the assistance that is available. Particularly alarming is the fact that a low-income student who scores in the top quartile on standardized tests is no more likely to attend college than a high-income student who scores in the lowest quartile. America can ill afford this talent loss.[48]

The federal government provides three-quarters of the more than $65 billion in direct student aid distributed annually. If tax credits and other such benefits were included, the share of student aid from the federal government would be even greater.[49]

Although the total amount of available student aid has increased, the nation still does not invest enough resources in aid awarded on the basis of student financial need. This need-based aid often determines whether or not a qualified, low-income student can afford to enter and complete higher education.

HISPANIC SCHOLARSHIP FUND (HSF)

Established in 1975, HSF awards scholarships based on need and merit to students from diverse ethnic backgrounds in the United States and Puerto Rico, and also provides them with paid summer internships. Each year, outstanding Latino students pursuing a master's or doctoral degree in health-related or business fields receive two-year awards. More than 75 percent of HSF scholars work their way through school, thus heavily relying on this kind of assistance. In its 26-year history, HSF has awarded more than $47.8 million through more than 40,000 scholarships. In 2000, HSF—which has more than 100 corporate sponsors—awarded more than $9.3 million in scholarships to 4,225 students.

Contact: (877) 473-4636
www.hsf.net

The federal Pell Grant program is a primary source of financial aid for low-income students. In 2001, a maximum annual Pell Grant of $3,750 was available to students in need. While the program grew during the 1990s, it still has not kept pace with either general inflation or the even greater rise in college prices. The current inflation-adjusted maximum grant is worth about 89 percent of its value in 1975. Moreover, in 1975, the maximum Pell Grant covered 78 percent of the average public university price, but

today, it covers only 39 percent of the average price at these institutions.[50]

Other major federal need-based aid programs have fared more poorly than the Pell Grant. Funding for the federal "campus-based" programs (Supplemental Educational Opportunity Grants, Perkins Loans, and Work-study) has declined by almost 40 percent in real terms since 1975.[51] Other sources, including state governments, colleges and universities, corporations, and other private organizations, have increased funding for student aid in recent years, but not enough to keep up with rising student need.

The National Association of State Student Grant and Aid Programs reports that from the 1998-99 to the 1999-2000 academic year, the total amount of student aid provided by states increased by 12.6 percent, to $4.15 billion. However, the proportion awarded on the basis of need declined by 3 percent, from 81 percent to 78 percent. The dollar amounts of need-based aid also vary tremendously from state to state.

INROADS

INROADS recruits the nation's most talented minority students for competitive, paid internships at top companies. INROADS serves more than 6,000 high school and college students and 932 corporate clients. Participating students receive year-round academic instruction, training, and guidance from INROADS counselors, while corporations provide financial support and staff mentoring for participating students.

Contact: (314) 241-7488
www.inroadsinc.org

In 1999-00, for example, there was $376 available per New York state resident of college age; but in Wyoming and Louisiana, the amount was $2 per person, and no money at all was provided for need-based student aid in Alaska or South Dakota.[52] In the same year, other states were more generous, including Illinois, with $300 per college-age resident and Pennsylvania, with $274 per college-age resident.

The combined effect of overall trends in need-based aid—federal programs that have not kept pace with inflation, little to no need-based aid in some states, and college and private aid that has not grown fast enough to fill the resulting gap—has a particularly harsh impact on minority students, who are more likely to come from low-income families. Inadequate need-based aid, or lack of information about available aid, affects these students in several ways:

- With little factual information about the price of college or the amount of aid available, students and their parents may assume that higher education is beyond their reach.
- Students may apply to college and for financial aid, but find that there is not enough aid available to meet their need.
- Students may enroll but, working long hours to meet their unmet financial need, drop out because they cannot manage the competing demands of academic, work, and family responsibilities.

The challenge for federal and state governments, colleges, corporations, and others is to ensure a level playing field for all Americans, regardless of income. All the players must invest more in need-based financial aid programs, ensure that students who need aid learn about these programs early so they can prepare for college, and provide help to college students in managing the stress of attending, paying for, and succeeding in college.

CHALLENGE #3: Create campus environments that value diversity and provide support that helps all students complete their studies.

Attracting and admitting students to a campus is only the first step in building a diverse student body. Higher education is about more than attending formal classes. It also means learning to live and work with a diverse mix of classmates, faculty, and administrators. Creating such an environment will equip students to make a positive contribution to our increasingly diverse society.

Evidence shows that minority students on many campuses do not graduate at the same rate as white students. For example, the *Detroit News* reported recently that 40 percent of blacks entering Michigan colleges and universities graduate, compared with 61 percent of whites.[53] It is imperative that college and university leaders understand why there is a higher dropout rate for students of color and take steps to lower that rate of attrition.

Several reasons for the lower graduation rates of minority students—inequities in financial resources and unequal quality of elementary and secondary education, along with lack of access to adequate financial aid—have been discussed. But colleges also need to find ways to improve the campus climate and make positive efforts to ensure that all students feel a sense of belonging—that the campus is welcoming and not threatening.

Educational programs for students and faculty to foster understanding and eliminate insensitivity, along with more offerings of courses related to the diverse history and culture of American subgroups, can make positive contributions to improving the campus climate. The development of a "safe harbor" on campus, where groups can meet and interact and share their cultural experiences with students from other groups, also has made a difference on many campuses. Colleges and universities also must take steps to improve the climate for diversity by increasing the number of minority faculty and administrators on campus.

In brief, simply recruiting and accepting students from a variety of backgrounds does not yield a campus that capitalizes on its diversity. It also is necessary to create an atmosphere that provides all students with an environment conducive to success and a welcoming sense of belonging. Campuses must pair these efforts with ample financial aid and strong tutoring and mentoring programs to create a truly successful campus climate.

CHALLENGE #4: Intensify efforts to develop and implement thoughtful, innovative, and results-oriented approaches to enrolling greater numbers of minority students in higher education, despite the uncertainty resulting from recent court rulings and referenda.

In 1978, Justice Lewis F. Powell Jr. found in *Regents of the University of California v. Bakke* that educational diversity was a compelling interest that might lawfully support the limited use of race and national origin in admissions decisions. For two decades, the higher education community has relied on the principles of *Bakke* in shaping admissions policies. Until very recently, that opinion remained the unchallenged polestar of federal law related to higher education admissions and diversity goals.

However, in 1996, the *Bakke* principles were challenged for the first time when a two-judge panel of the 5th U.S. Circuit Court of Appeals ruled in *Hopwood v. Texas* that the University of Texas Law School could not use race as a factor in its admissions decisions. The *Hopwood* ruling unleashed a new round of legal challenges to a variety of admissions practices that have produced very different lower court rulings. Two of these rulings involved the University of Michigan, one challenging the institution's undergraduate admissions policies and the other, its law school admissions policies. These two cases were expected to help clarify whether or not consideration of race in admissions decisions was still good law. However, in the Michigan cases, two different federal judges reached fundamentally different conclusions about the university's admissions policies and the law that governs them.

The ability of higher education institutions to implement admissions policies that take race and ethnic background, among many other factors, into account has been affected by decisions in arenas other than the courts. Institutions in California and Washington, for example, have been limited by the passage of referenda that disallowed the consideration of race or ethnic background as a factor in higher education admissions.

These court decisions and referenda had the immediate effect of reducing the racial diversity of classes entering some of the institutions in the jurisdictions they affected. There remains, however, a strong commitment on the part of education leaders, national higher education organizations, and some policy makers to finding creative ways to enable colleges and universities to admit, enroll, and graduate more minority students.

One response to these developments has been the adoption in several states of "percentage plans" that guarantee a certain percentage of top students at each high school in the state entrance to a public higher education institution. In Florida, for example, the state banned considera-

tion of race in college admissions and guaranteed that students who completed a specific curriculum and graduated in the top 20 percent of their high school class would be able to enroll in one of the state's 10 public universities.

In addition to the percentage plans, colleges and universities have used other mechanisms to promote diversity. The University of Washington has placed admissions counselors in some urban schools to encourage students to apply to college and help them with the application process. The university also employs "student ambassadors" to mentor high school students and host them on visits to the campus.[54]

In California, the University of California and the California State University system have launched a variety of initiatives, including an outreach program to recruit minority students from community colleges to transfer into the state university system. The universities have also designed a program to improve high school students' English and mathematics achievement through close collaboration of California State University faculty with elementary and secondary education faculty.

The results of these percentage plans—increased counseling, outreach, and recruiting efforts—and measures to increase secondary school achievement have been modest to date.[55] Underrepresentation of individuals whom both corporate and university leaders see as essential to the diversity of their institutions is a continuing challenge to the nation.

At the national level, two efforts are worth noting. Recently, The College Board published *Diversity in Higher Education: A Strategic Planning and Policy Manual*, to help institutions determine how they can pursue their campus diversity goals in legally permissible ways. Also, the Law School Admission Council has created a $10 million, five-year initiative to "encourage law schools to rethink their admission policies and adopt strategies that will achieve greater diversity in the legal profession." Part of these funds will be used to develop new law school admissions models based on broader criteria, and to train admissions personnel in the use of these models.[56]

The challenge of ensuring that our society respects diversity and promotes its benefits has been with us in America for more than 200 years. What is important now is to devise and commit ourselves to strategies that are uniquely suited to meeting this challenge in the current political, social, and economic context—a context that, in this century, is global in its scope and impact.

CALIFORNIA LOUIS STOKES ALLIANCES FOR MINORITY PARTICIPATION IN SCIENCE, ENGINEERING, AND MATHEMATICS

Supported in part by the National Science Foundation, the Alliances at the University of California (CAMP) and at the California State University (CSUAMP) are system-wide programs designed to increase opportunities for underrepresented minority students on eight UC and 20 CSU campuses in science, math, engineering, and technology (SMET). Students who participate benefit from involvement in faculty-mentored laboratory research, peer mentoring and tutoring, travel to professional conferences, and preparation for graduate school. CAMP, created in 1991, and CSUAMP, created in 1993, have been institutionalized throughout the UC and CSU systems. The Alliances have contributed to a significant increase in the number of bachelor's degrees granted to minority SMET majors by UC and CSU.

www.camp.uci.edu

Conclusions and Next Steps

The Business-Higher Education Forum has set forth in this report a view of diversity that is important not only to business and higher education, but to the nation as a whole. America's different perspectives, approaches, and backgrounds are a potent strength. And, for more than two centuries, the nation has tapped this strength to lead the world in innovation, job creation, and problem solving. America is at its best when all Americans are able to contribute to our nation's progress.

That is why America requires excellent schools, colleges, and universities that serve all students well—providing not only knowledge, but the critical skills needed to maintain American leadership in the high-tech, global economy. Among these skills are the ability to work with co-workers, customers, suppliers, and partners from every part of the nation and the globe, and the wisdom to value multiple approaches to solving complex problems.

As businesses and universities work to build diversity and expand opportunity, one crucial first step is to improve the quality of elementary and secondary education and ensure that every high school graduate is qualified to enter and succeed in higher education. To realize this goal, America must eliminate the vast disparities in school quality that limit the opportunities of students and families who live and work in the inner city and in rural communities. The promise of opportunity must be a promise to all, not merely a privilege for some.

For America's colleges and universities, the challenge is to ensure that the doors of opportunity are open and that all members of the campus community benefit by learning, living, and working together in a diverse, well-functioning academic environment. Colleges and universities must do more than receive and process applications. They must reach out, especially to those for whom higher education is not a family tradition.

The job of building diversity on the nation's campuses requires close linkages between secondary schools and colleges. It requires mentoring programs and admission criteria and processes that encompass more than test scores. This means that, in admitting students, colleges should assess "the whole person" by taking into account the unique characteristics that flow from the experience of coming from a different socioeconomic background or from a different racial or ethnic group.

"The key is the future pipeline. There will be a shortage of talent. We must work hard to fill up the pipeline, to get students interested and steer them to your campuses."

—Jim Dagnon, Senior Vice President, People
The Boeing Company

Once admitted, students must have access to sound counseling and support systems, adequate financial aid, and a campus environment that recognizes, welcomes, and appreciates their diversity.

The job of building diversity in the nation's workplaces requires close linkages between businesses and higher education institutions. Businesses must do their part to fulfill the imperative of creating diversity on campus by emphasizing that education in a diverse environment is a crucial qualification for the people they are hiring now and will hire in the future, and by augmenting their commitments to provide need-based student financial aid, internships, mentoring, and other programs that enhance workplace diversity.

As members of the Forum, we are convinced —both by the growing research evidence and by the reality of our own experience—that racial and ethnic diversity is absolutely essential to excellence in education. We likewise are

convinced that the full development of the nation's talent is indispensable to economic competitiveness, to success in the workplace, and to the very health and vitality of our democracy.

To further build on and institutionalize the thoughtful, long-term initiatives that are required, members of the Forum call on our colleagues in business and academia, on policy makers, and on the American public to join us in implementing these next steps:

- **Support and strengthen existing outreach programs** that focus on the value of attending college, ways to prepare students and assist them in applying for and attending college, and the importance of lifelong learning. Create programs where they do not exist.
- **Provide the resources to ensure that teachers are prepared** to work effectively with racially and ethnically diverse students.
- **Review current strategies and policies designed to foster diversity** and ensure that they are meeting their goals, and publicize the results of these reviews in the higher education and business communities.
- **Advocate that colleges and universities take the whole person** into account when making admissions decisions; that is, consider all relevant qualities—not just grades and test scores—in assessing each applicant.
- **Encourage corporate foundations to provide support** for diversity initiatives, and to share the programs and their results with professional peers.
- **As part of the business employee recruitment process,** emphasize to campuses the importance of being able to recruit personnel from a diverse student body.
- **Urge national policy makers to increase the amount of the Pell Grant** to its congressionally authorized annual maximum of $5,800 per student. (The 2000–01 maximum Pell Grant per student is $3,750.)
- **Strengthen learning outcomes,** through continuous assessment and application of promising practices, in the nation's elementary and secondary schools.
- **Encourage university governing boards and state policy makers to give priority** to increasing the amount of need-based aid, even in the face of competing legislative agendas and state university budget cuts.
- **Create state and/or local coalitions** between education and business leaders to promote discussion and joint action to achieve diversity and tolerance on campus and in business.
- **Provide awareness,** in all appropriate forums, of the broad range of successful practices that open opportunity to, and strengthen the quality of, education.

"The demographics are such that minorities will not be minorities anymore. If we were planning ahead, we would think about this in a more strategic way."

—Diana MacArthur, Chair and CEO
Dynamac Corporation[58]

As Americans, we are all stakeholders in the future of our nation. The challenge of developing and living harmoniously with diversity is complex and requires sustained commitment and understanding. How our nation responds to the challenge of our increasing diversity will shape both our national life and our role in the global economy in ways that will affect all of us for decades to come. It is critical that our nation rise to meet the challenge.

We have known for a long time that it is the right thing to do. But now we know that to ensure the vibrant civic, social, and economic future we want for the 21st century, it is also the smart thing to do.

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53. Vandenabeele, Janet. "Colleges' Retention of Blacks Dismal." *The Detroit News,* Sunday, July 15, 2001.

54. Washburn e-mail to Hoffman.

55. According to public officials in Florida, minority admissions at the state's 10 public universities (other than the state's flagship public institution) have increased. In 2000, 36.85 percent of students admitted to the Florida system were minorities; this year, that number rose to 37.85 percent, sources have stated. The Talented 20 plan was instituted by One Florida to help compensate for the loss of affirmative action, according to the *Chronicle of Higher Education,* September 12, 2001. Figures released by the *Chronicle Almanac* show that in the states of Florida, Texas, California, and Washington, between 2000 and 2001, minority enrollment percentages respectively increased from 33.9 to 35.9 percent in Florida, 38.2 to 40.1 percent in Texas, 49.3 to 50.8 percent in California, and 19.2 to 19.3 percent in Washington.

56. Law School Admission Council press release, December 19, 2000.

57. Dagnon, Jim, remarks at BHEF meeting, Tucson, Arizona, February 8, 2001.

58. MacArthur, Diana, remarks at BHEF meeting, Tucson, Arizona, February 8, 2001.

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